

Utah State University

DigitalCommons@USU

Economic Research Institute Study Papers

Economics and Finance

1996

Report on Southeast Asia Trip by Bailey and Fawson for the International Agribusiness Internship Center

DeeVon Bailey
Utah State University

Christopher Fawson
Utah State University

Follow this and additional works at: <https://digitalcommons.usu.edu/eri>

Recommended Citation

Bailey, DeeVon and Fawson, Christopher, "Report on Southeast Asia Trip by Bailey and Fawson for the International Agribusiness Internship Center" (1996). *Economic Research Institute Study Papers*. Paper 102.

<https://digitalcommons.usu.edu/eri/102>

This Article is brought to you for free and open access by the Economics and Finance at DigitalCommons@USU. It has been accepted for inclusion in Economic Research Institute Study Papers by an authorized administrator of DigitalCommons@USU. For more information, please contact digitalcommons@usu.edu.



Economic Research Institute Study Paper

ERI #96-36

**REPORT ON SOUTHEAST ASIA TRIP BY BAILEY
AND FAWSON FOR THE INTERNATIONAL
AGRIBUSINESS INTERNSHIP CENTER**

by

DEEVON BAILEY

CHRIS FAWSON

**Department of Economics
Utah State University
3530 University Boulevard
Logan, UT 84322-3530**

October 1996

**REPORT ON SOUTHEAST ASIA TRIP BY BAILEY AND FAWSON FOR
THE INTERNATIONAL AGRIBUSINESS INTERNSHIP CENTER**

**DeeVon Bailey, Professor
Chris Fawson, Associate Professor**

**Department of Economics
Utah State University
3530 University Boulevard
Logan, UT 84322-3530**

The analyses and views reported in this paper are those of the author. They are not necessarily endorsed by the Department of Economics or by Utah State University.

Utah State University is committed to the policy that all persons shall have equal access to its programs and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.

Information on other titles in this series may be obtained from: Department of Economics, Utah State University, 3530 University Boulevard, Logan, Utah 84322-3530.

Copyright © 1995 by DeeVon Bailey and Chris Fawson. All rights reserved. Readers may make verbatim copies of this document for noncommercial purposes by any means, provided that this copyright notice appears on all such copies.

**REPORT ON SOUTHEAST ASIA TRIP BY BAILEY AND FAWSON FOR
THE INTERNATIONAL AGRIBUSINESS INTERNSHIP CENTER**

DeeVon Bailey and Chris Fawson

ABSTRACT

This paper reports the results of activities in Southeast Asia aimed at recruiting agribusinesses and universities to participate in developing internships through the International Agribusiness Internship Center at Utah State University. Several agribusiness firms expressed a willingness to participate in the program. Additional arrangements with universities in Southeast Asia are being negotiated to facilitate student exchanges and supervision for internships.

REPORT ON SOUTHEAST ASIA TRIP BY BAILEY AND FAWSON FOR THE INTERNATIONAL AGRIBUSINESS INTERNSHIP CENTER

Purpose and Strategy of the Trip

Dr. Chris Fawson and Dr. DeeVon Bailey traveled to Southeast Asia during the period of September 6 to September 18, 1996 with the purpose of developing contacts with agribusinesses, government ministries, and universities for future student internships that would be coordinated through the International Agribusiness Internship Center (IAIC) at Utah State University. The countries visited during this trip included Indonesia, the Philippines, and Thailand. The reasons for selecting Southeast Asia for this endeavor were at least threefold. First, this is an extremely dynamic economic region which has experienced rapid economic growth in recent years. This presents expanded opportunities for international agribusinesses to market food since the food income elasticity is relatively high in this region. It is also a probable expanding market for interns as agribusinesses seek new and/or expanded expertise to address new and expanding markets. Second, the 1997 World Congress of the International Agribusiness Management Association (IAMA) will be held in Jakarta, Indonesia, in June 1997. Visiting the region laid the groundwork for connecting with the programs of IAMA in this region of the world and elsewhere, which is a strategy established for the Center as shall be explained later. Third, we wanted to continue to nurture our relationship with the USU alumni association in Bangkok, Thailand, who have already been instrumental in developing a number of internships and key contacts for us in Thailand.

Indonesia

In Indonesia, we met with the director and faculty of the Bogor Agricultural University in

Bogor (IPB) (about one hour out of Jakarta). We were impressed immediately by the youth, vitality, and vision of the faculty. This is a true business school, which specializes in agribusiness graduate degree programs. The faculty are committed to helping agribusiness development in Indonesia and recognize agribusiness as a growth segment of the Indonesian economy. They have excellent facilities including sparkling clean classrooms, computer laboratories, and Internet connections and e-mail. They have begun to require that all theses be written in English. IPB is well-connected with Indonesian agribusinesses and also with other universities in the ASEAN group. There are approximately 250 graduate students in their Master of Management in Agribusiness program. The Operational Director is Bayu Krisnamurthi. He indicates IPB would be interested in participating in student exchanges and would find positions with Indonesian agribusinesses for foreign interns. They would like a formal agreement to develop internships in the form of a Memorandum of Understanding (MOU) with Utah State University. They are also interested in experiential learning experiences in the form of internships with U.S. businesses for their faculty and faculty exchanges with USU.

We visited the Indonesian Ministry of Agriculture but, unfortunately, were unable to visit with the head of the Agribusiness Development section. We did meet with Djoharis Lubis, Head of the Division for Capital Formation. Our conversations revealed a perceived political need on their part to maintain small-scale farming enterprises. There is an interest on their part to provide training opportunities for their staff.

In Jakarta, we visited Joe L. Welsh, Chief of Party for the Agribusiness Development Project, which is funded by USAID. Mr. Welsh arranged for all of our meetings in Indonesia and is the chief organizer for the 1997 IAMA World Congress that will be held in Jakarta. We consider Mr. Welsh an important part of our strategy to bring the IAIC under the umbrella of IAMA. Sponsorship by

IAMA would be important since it would make the IAIC an internationally sponsored organization rather than simply a USU program. This will foster additional cooperation from other universities to participate in the program, will encourage agribusinesses to participate, and would offer a partial incentive for companies to belong to IAMA since the IAIC would be part of the services offered to member companies. We believe it is important to have an unbiased third party approach IAMA with the concept of including the IAIC as part of IAMA's services, since a direct approach might be perceived as self-serving and could also be misconstrued as a threat by other universities with programs already connected to IAMA. Mr. Welsh is very supportive of the concept of the IAIC and also believes it would be an excellent service IAMA could offer to its members. He indicated a willingness to speak with this year's IAMA president, Mr. Herman H.F. Wijffels, Chairman of the Executive Board for Rabobank in the Netherlands, about this and other matters relating to services offered by IAMA and IAMA's overall strategy for growth and development.

We visited a company called InAgro near Bogor. InAgro is the largest pulp and paper company in Indonesia. However, we actually visited one of their relatively new ventures, which is an integrated fruit and vegetable company. The manager and staff at the fruit plantation we visited were young and energetic. The company has a clear marketing concept in mind of producing fruit at a lower cost than local growers and marketing the fruit through specialty retail stores in urban areas. The trees at the plantation are still too young to bear fruit, but the company is producing vegetables and will soon be building a processing plant for fruit juices. They are involved in research and development and the research facilities were the only part of the operation we were not allowed to visit. They are interested in standard plant breeding and also genetic engineering. The manager, Ir. Imanudin indicated they would be willing to participate by providing experiences for

interns. They are also interested in developing short-term work experiences in the U.S. for their own staff.

We flew to Yogyakarta, Indonesia, to visit with the faculty at Gadjah Mada University. They are also interested in participating with us in developing internships but are less well-connected with agribusiness than IPB. They also participate with other universities in the ASEAN group. Following our visit to Indonesia, we flew to Manila in the Philippines.

Philippines

Our visits in Manila were arranged by the Commercial Attache at the U.S. Embassy. We met with Mr. John Adent at Ralston Purina International. Their business is manufacturing and selling animal feeds and they are well-integrated and connected throughout all of Asia. Mr. Adent indicated they are very supportive of programs designed to develop the potential of students and stated they would definitely be interested in participating in our program. He requested that we follow up with their office in St. Louis regarding the program and we will do this.

We met with two large meat companies in Manila. One, Dealco Incorporated, is the largest importer of live cattle in the Philippines. Mr. Dennis B. Alcoreza, general manager, was Dealco's representative we met with. They import cattle from Australia, fatten them on pineapple tops in Mindanao (large island in the southern Philippines), and ship the cattle live to Manila, where they are slaughtered and sold fresh in open air markets as is typical in the Philippines. Dealco is interested in waste management and is planning on developing an organic composting operation. They are also interested in how to ensile crops. Mr. Alcoreza expressed interest in having interns at his company. We also met with a division of Swift Foods Incorporated located in Manila called RFM Corporation. RFM is a poultry and pork producing firm. Their representative was Mr. Bernie

Concepcion. Mr. Concepcion was a student in the United States and served an internship with a poultry firm in Arkansas. During this internship, he developed business contacts he still uses. Mr. Concepcion indicated an interest and willingness on the part of RFM to participate in our program.

We also met with Rene M. Perfecto and Milan Baltazar of the San Miguel Corporation while we were in the Philippines. The San Miguel Corporation is a large food manufacturing firm and is the largest single corporation in the Philippines. They indicated the San Miguel Corporation has a large number of technicians in the field and would likely be interested in hosting interns.

Thailand

In Thailand, we were hosted by Mr. Choopong Kiangsiri, secretary of the USU Alumni Association in Thailand. Mr. Kiangsiri arranged for our meetings in Thailand. We met with the Economics Faculty at Thammasat University. This is a prestigious business school in Bangkok, which already has close connections in the United States and which did not seem overly interested in developing close linkages with USU.

That same day we met with Dr. Tweesackdi Sesaweech, Permanent Secretary in the Ministry of Agriculture and Cooperatives. The Permanent Secretary is a former USU student who seemed genuinely pleased to meet with us and discuss issues of mutual interest. He indicated how much he had enjoyed his time at USU and also stated that he is very interested in sending 370 of his staff within the ministry to the United States for training during the next few years. He indicated that he has a substantial budget for training and would be very interested in sending many of his staff to USU for this training. We suggest this is an excellent opportunity for USU to offer our services in providing this training. Our linkage to the Permanent Secretary is excellent through Mr. Kiangsiri

and the USU Alumni Association and we feel certain that a deal could be struck to bring many of his staff to the campus for training.

We had an excellent meeting at Kesetsart University in Bangkok. Kesetsart is the premier agricultural university in Thailand, and many of our former students are either administrators or are well-connected within the university. The president of Kesetsart, a number of his vice presidents, and several department heads met with us.

Our relationship with Kesetsart is potentially very important. Of the universities we visited, we have our most well-established linkage with Kesetsart and also have excellent connections with others in Thailand. Kesetsart is very active and is a leader with the other universities that are part of the ASEAN group. It is possible that Kesetsart could arrange and coordinate our students as interns in virtually any country in Southeast Asia. Kesetsart is excited about establishing a formal relationship with USU and indeed has already started the process of negotiating an MOU with USU with the College of Engineering here at USU being the catalyst. A copy of the currently proposed MOU is attached. Kesetsart's president, Dr. Thira Sutabutra, indicates he would like to see broad university-to-university agreements covering all aspects of cooperation rather than just between segments of the universities such as colleges. He suggested an addendum be added to the proposed MOU to include internship activities between USU and Kesetsart. We suggest that this be done and have asked Dr. Herbert Fullerton, Head of the Department of Economics, and Dean Rodney Brown to approach the College of Engineering about making this addition to the MOU.

We met with a pulp and paper company in Bangkok called Advance Agro. They are also interested in the internship program. They are a large company that already employs a number of ex-patriots. We will also follow up with Advance Agro and will be working with Mr. Kiangsiri as our contact.

The Alumni Association hosted a dinner for us at Mr. Kiangsiri's. Chris Fawson arranged for four internships for USU students in Thailand last year and representatives from the companies involved in the internships were at the dinner. Dr. Fawson presented them with USU pewter plates and the representatives each indicated a willingness to participate in the internship program again next year. In addition, Dr. Emorn Wasantwisut asked us to provide an intern for the university she works for next year (Institute of Nutrition, Mahidol University). Dr. Wasantwisut is interested in an intern who is a graphic artist. We will contact the Instructional Technology Department here on campus about this opportunity.

There was a tremendous amount of good will expressed by the Alumni Association for USU. They are recruiting students for us and have provided us with a potentially very important base of operations in Thailand and the rest of Southeast Asia. We believe it is important to recognize the efforts of the Alumni Association in Thailand in supporting the programs of USU. We would suggest that the university consider presenting an honorary degree to Permanent Secretary Tweesacki Sesaweeth. He has accomplished a great deal in his career and is an excellent representative of the university. The Permanent Secretary is also an active member of the Alumni Association, and extending him this honor would be perceived by the other alumni in Thailand as an honor and recognition for them also.

Summary and Plan of Action

This trip demonstrated that a demand for interns exists within the large agribusinesses of Southeast Asia. The universities we visited are also very supportive of facilitating internships and would like their own students and staff to participate. We suggest that the following action items

need to be carried out to follow up on the contacts made during this trip and also to lay the groundwork for expanding the activities of the IAIC.

1. Follow up with Joe Welsh and the ruling body of IAMA with a proposed budget for maintaining the home page and database of the IAIC. This is essential for institutionalizing the activities of the IAIC within the IAMA umbrella.
2. Follow up with the companies contacted during the trip to persuade them to place their internship listings with the IAIC system.
3. Follow up with the universities visited to express appreciation for their willingness to help facilitate internships.
4. Establish a formal linkage with Kesetsart University in the form of a MOU, which will include internship activities.
5. Establish firm guidelines for obtaining visas and other documentation in the United States and participating countries for students who would serve internships.
6. Elicit the support of other agribusinesses and universities through IAMA and direct contact to participate in the program.

We welcome input and suggestions from others relating to our proposed activities. We believe this is a concept that works well into USU's desire to internationalize its curriculum. Beyond this, however, it is an excellent way to foster cooperation between and among the academic and industrial communities in developing a meaningful training experience for the students who will be tomorrow's leaders.

Proposed Budget for International Agribusiness Internship Center:

We request that the International Agribusiness Management Association (IAMA) consider including the services offered by the International Agribusiness Internship Center (IAIC) as a service to its members. The IAIC was developed under a grant from the U.S. Department of Agriculture Office of Higher Education and is housed at Utah State University. Student internships are an important activity for both agribusinesses, students, and universities. We believe that developing internship opportunities is an excellent way for companies to obtain new or additional expertise by hiring a well-trained student for a short period with no long-term commitment. It also offers businesses the possibility of making strategic business contacts with interns who are familiar with other markets and cultures. Businesses may also view internships as a recruiting tool since outstanding interns could be considered for regular employment. Internships also offer students an invaluable opportunity to have hands-on international business experience and to develop important business contacts.

To this point, the IAIC has developed a home page on the world wide web which acts as a clearing house of information between businesses seeking qualified interns and students seeking internships. The address of this home page is <http://www.usu.edu/~iaic/>. We have also been active in developing relationships with international agribusinesses and universities to help facilitate the creation of internship opportunities. For the program to grow, however, it needs to be more than just one university's program. Offering this service through IAMA would encourage agribusinesses and universities to participate in the program while offering an additional incentive to be a member of IAMA.

We offer the following budget as part of our request for sponsorship from IAMA. Basically, we propose to offer the services of the internship center free to both students and businesses who are

members of IAMA. We would charge a fee (probably \$25-\$50) for using the service to those who are not members of IAMA. The service for businesses would include a listing of internship opportunities with the company including job descriptions and required qualifications. The IAIC would screen internship applicants, and will help in visa arrangements for international students serving internships in countries other than their own. Students using the service will be able to list their educational attainments and specific internship interests as well as specific skills such as language and computer skills. The IAIC will maintain the interactive home page on the world wide web and will also actively work to recruit new students and businesses to use the service.

The fee collected from nonmembers would be shared by both the IAIC and IAMA at a percentage that could be negotiated. IAMA would be asked to cover the costs of maintaining the database and home page and some travel (to report and market the activities of the IAIC), while Utah State University and fees collected from nonmember users would cover the salary of the director, any additional travel, and overhead. The proposed budget is as follows:

Proposed Budget for International Agribusiness Internship Center

Item:	IAMA Share	USU In-Kind Share	Total
Professional Salaries and Benefits @ .25 FTE	\$0	\$25,000	\$25,000
Salaries and Benefits for Computer Technician @ .25 FTE	\$6,000	\$0	\$6,000
Travel	\$1,500	\$1,500	\$3,000
Communications	\$1,000	\$1,000	\$2,000
Total Direct Costs	\$8,500	\$27,500	\$36,000
Indirect Costs @ 39% of Direct Costs	\$0	\$10,725	\$10,725
Total Costs	\$8,500	\$38,225	\$46,725